

CITY OF VILLA GROVE, ILLINOIS

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

For the year ended April 30, 2020



CITY OF VILLA GROVE
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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor
and City Council
City of Villa Grove, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Villa Grove, Illinois, as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Villa Grove, Illinois, as of April 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Illinois Municipal Retirement Fund - Schedule of Changes in the Net Pension Liability and Related Ratios, Illinois Municipal Retirement Fund - Schedule of Employer Contributions, and budgetary comparison information on pages 34 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Villa Grove, Illinois' basic financial statements. The information labeled as Statistical Information in the table of contents on pages 41 through 43 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Statistical Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

West & Company, LLC

Mattoon, Illinois
October 21, 2020

BASIC FINANCIAL STATEMENTS

CITY OF VILLA GROVE, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 900,262	\$ 1,089,777	\$ 1,990,039
Due from other governments	648,351	-	648,351
Accounts receivable	31,676	132,230	163,906
Prepaid items	41,346	33,691	75,037
Internal balances	5,471	(5,471)	-
Restricted cash and cash equivalents	43,728	27,655	71,383
Total current assets	<u>1,670,834</u>	<u>1,277,882</u>	<u>2,948,716</u>
Noncurrent assets:			
Capital assets, non-depreciating	1,326,113	567,614	1,893,727
Capital assets, net of accumulated depreciation	2,825,214	7,022,866	9,848,080
Total noncurrent assets	<u>4,151,327</u>	<u>7,590,480</u>	<u>11,741,807</u>
Total assets	<u>5,822,161</u>	<u>8,868,362</u>	<u>14,690,523</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	198,181	102,094	300,275
LIABILITIES:			
Current liabilities:			
Accounts payable	9,028	194,220	203,248
Accrued payroll	26,861	11,530	38,391
Accrued interest	13,573	3,815	17,388
Customer deposits	-	28,096	28,096
Accrued compensated absences - current	9,017	10,554	19,571
Current portion of long-term debt	58,000	153,718	211,718
Total current liabilities	<u>116,479</u>	<u>401,933</u>	<u>518,412</u>

The notes to financial statements are an integral part of this statement.

CITY OF VILLA GROVE, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Noncurrent liabilities:			
Accrued compensated absences	\$ 7,138	\$ 4,362	\$ 11,500
Net pension liability	214,049	110,268	324,317
Long-term debt	297,946	3,956,460	4,254,406
Total noncurrent liabilities	<u>519,133</u>	<u>4,071,090</u>	<u>4,590,223</u>
Total liabilities	<u>635,612</u>	<u>4,473,023</u>	<u>5,108,635</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	91,015	46,888	137,903
Deferred inflows related to property taxes	566,706	-	566,706
Total deferred inflows of resources	<u>657,721</u>	<u>46,888</u>	<u>704,609</u>
NET POSITION:			
Net investment in capital assets	3,795,381	3,480,302	7,275,683
Restricted	229,818	-	229,818
Unrestricted	701,810	970,243	1,672,053
Total net position	<u>\$ 4,727,009</u>	<u>\$ 4,450,545</u>	<u>\$ 9,177,554</u>

The notes to financial statements are an integral part of this statement.

CITY OF VILLA GROVE, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2020

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges</u>	<u>Primary Government</u>		
		<u>for</u>	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Services</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	
Functions/Programs:					
Primary Government:					
Governmental activities:					
General government	\$ 226,188	\$ 146,569	\$ (79,619)	\$ -	\$ (79,619)
Public safety	638,290	13,386	(624,904)	-	(624,904)
Public works	508,791	-	(508,791)	-	(508,791)
Culture and recreation	91,022	-	(91,022)	-	(91,022)
Development	34,493	-	(34,493)	-	(34,493)
Interest on long-term debt	18,038	-	(18,038)	-	(18,038)
Total governmental activities	<u>1,516,822</u>	<u>159,955</u>	<u>(1,356,867)</u>	<u>-</u>	<u>(1,356,867)</u>
Business-type activities:					
Water	554,632	572,145	-	17,513	17,513
Sewer	538,846	488,615	-	(50,231)	(50,231)
Total business-type activities	<u>1,093,478</u>	<u>1,060,760</u>	<u>-</u>	<u>(32,718)</u>	<u>(32,718)</u>
Total primary government	<u>\$ 2,610,300</u>	<u>\$ 1,220,715</u>	<u>(1,356,867)</u>	<u>(32,718)</u>	<u>(1,389,585)</u>
General revenues:					
Property taxes			567,648	-	567,648
Sales taxes			341,259	-	341,259
State income taxes			249,603	-	249,603
Video gaming taxes			22,913	-	22,913
Replacement taxes			17,364	-	17,364
Motor fuel taxes			93,620	-	93,620
Interest income			23,583	23,699	47,282
Miscellaneous income			80,819	15,904	96,723
Gain (loss) on disposal of capital assets			(29,452)	13,000	(16,452)
Total general revenues			<u>1,367,357</u>	<u>52,603</u>	<u>1,419,960</u>
Change in net position			10,490	19,885	30,375
Net position, beginning of year			<u>4,716,519</u>	<u>4,430,660</u>	<u>9,147,179</u>
Net position, end of year			<u>\$ 4,727,009</u>	<u>\$ 4,450,545</u>	<u>\$ 9,177,554</u>

The notes to financial statements are an integral part of this statement.

CITY OF VILLA GROVE, ILLINOIS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
APRIL 30, 2020

	General	Tax Increment Financing	Motor Fuel Tax	Eliminations	Total
ASSETS:					
Cash and cash equivalents	\$ 557,446	\$ 166,234	\$ 176,582	\$ -	\$ 900,262
Due from other governments	363,283	285,068	-	-	648,351
Accounts receivable	24,152	-	7,524	-	31,676
Prepaid items	41,254	92	-	-	41,346
Due from other funds	605,471	-	1,983	(601,983)	5,471
Restricted cash and cash equivalents	43,728	-	-	-	43,728
Total assets	<u>\$ 1,635,334</u>	<u>\$ 451,394</u>	<u>\$ 186,089</u>	<u>\$ (601,983)</u>	<u>\$ 1,670,834</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS):					
Liabilities:					
Accounts payable	\$ 6,748	\$ 2,280	\$ -	\$ -	\$ 9,028
Accrued payroll	26,861	-	-	-	26,861
Due to other funds	-	601,983	-	(601,983)	-
Total liabilities	<u>33,609</u>	<u>604,263</u>	<u>-</u>	<u>(601,983)</u>	<u>35,889</u>
Deferred inflows of resources					
Unavailable revenue - property taxes	281,638	285,068	-	-	566,706
	<u>281,638</u>	<u>285,068</u>	<u>-</u>	<u>-</u>	<u>566,706</u>
Fund balances (deficits):					
Nonspendable	41,254	92	-	-	41,346
Restricted for:					
Restricted for public works	23,158	-	-	-	23,158
Restricted for liability insurance	10,420	-	-	-	10,420
Restricted for general government	3,820	-	-	-	3,820
Restricted for community development	6,331	-	-	-	6,331
Restricted for transportation	-	-	186,089	-	186,089
Assigned for:					
Assigned for public safety	71,460	-	-	-	71,460
Assigned for separation benefits	16,155	-	-	-	16,155
Assigned for recreation programs	10,644	-	-	-	10,644
Assigned for public works	2,448	-	-	-	2,448
Assigned for loan reserves	67,679	-	-	-	67,679
Unassigned	1,066,718	(438,029)	-	-	628,689
Total fund balances (deficits)	<u>1,320,087</u>	<u>(437,937)</u>	<u>186,089</u>	<u>-</u>	<u>1,068,239</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,635,334</u>	<u>\$ 451,394</u>	<u>\$ 186,089</u>	<u>\$ (601,983)</u>	<u>\$ 1,670,834</u>

The notes to financial statements are an integral part of this statement.

CITY OF VILLA GROVE, ILLINOIS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
APRIL 30, 2020

Total fund balances, governmental funds	\$ 1,068,239
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities, net of accumulated depreciation, are not financial resources and, therefore, are not reported in the funds.</p>	4,151,327
<p>Pension-related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:</p>	
Deferred outflows of resources - pensions	198,181
Deferred inflows of resources - pensions	(91,015)
<p>Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities are as follows:</p>	
Accrued interest	(13,573)
Accrued compensated absences	(16,155)
Net pension liability	(214,049)
Long-term debt	(355,946)
Net position of governmental activities	\$ 4,727,009

The notes to financial statements are an integral part of this statement.

CITY OF VILLA GROVE, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2020

	General	Tax Increment Financing	Motor Fuel Tax	Total
Revenues:				
Property taxes	\$ 279,453	\$ 288,195	\$ -	\$ 567,648
State sales taxes	341,259	-	-	341,259
State income taxes	249,603	-	-	249,603
Video gaming taxes	22,913	-	-	22,913
Replacement taxes	17,364	-	-	17,364
Motor fuel taxes	-	-	93,620	93,620
Grant revenue	351,066	-	-	351,066
Fines and fees	13,386	-	-	13,386
Licenses and permits	7,564	-	-	7,564
Franchise fee	139,005	-	-	139,005
Interest income	13,701	6,545	3,337	23,583
Miscellaneous	80,819	-	-	80,819
Total revenues	<u>1,516,133</u>	<u>294,740</u>	<u>96,957</u>	<u>1,907,830</u>
Expenditures:				
Current				
General government	220,876	18,034	-	238,910
Public safety	619,342	-	-	619,342
Public works	416,450	-	83,810	500,260
Culture and recreation	51,565	-	-	51,565
Development	-	34,493	-	34,493
Capital outlay	67,242	11,002	-	78,244
Debt service:				
Principal	59,405	94,294	-	153,699
Interest	17,067	6,365	-	23,432
Total expenditures	<u>1,451,947</u>	<u>164,188</u>	<u>83,810</u>	<u>1,699,945</u>
Net change in fund balances	64,186	130,552	13,147	207,885
Fund balances, beginning of year	<u>1,255,901</u>	<u>(568,489)</u>	<u>172,942</u>	<u>860,354</u>
Fund balances, end of year	<u>\$ 1,320,087</u>	<u>\$ (437,937)</u>	<u>\$ 186,089</u>	<u>\$ 1,068,239</u>

The notes to financial statements are an integral part of this statement.

CITY OF VILLA GROVE, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2020

Net change in fund balances, governmental funds \$ 207,885

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay	78,244	
Depreciation	<u>(142,349)</u>	(64,105)

In the statement of activities, only the loss on sale of property is reported, where as in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the carrying amount of the assets sold.

(29,452)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	53,129	
Cost of benefits earned, net	<u>25,134</u>	78,263

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and some amounts reported as revenues in the funds were reported as revenues on the statement of activities in the prior year. This is the net effect of those differences in revenue recognition.

Current year unavailable revenue	-	
Prior year unavailable revenue	<u>(351,066)</u>	(351,066)

The repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

153,699

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds as follows:

Accrued compensated absences	9,870	
Accrued interest	<u>5,396</u>	<u>15,266</u>

Change in net position of governmental activities \$ 10,490

The notes to financial statements are an integral part of this statement.

CITY OF VILLA GROVE, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
APRIL 30, 2020

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 838,905	\$ 250,872	\$ 1,089,777
Accounts receivable, net	72,367	59,863	132,230
Prepaid items	18,758	14,933	33,691
Restricted cash and cash equivalents	27,655	-	27,655
Total current assets	<u>957,685</u>	<u>325,668</u>	<u>1,283,353</u>
Noncurrent assets:			
Land	22,805	327,122	349,927
Construction in progress	16,746	200,941	217,687
Property, plant and equipment	6,151,679	2,535,256	8,686,935
Accumulated depreciation	(681,339)	(982,730)	(1,664,069)
Total noncurrent assets	<u>5,509,891</u>	<u>2,080,589</u>	<u>7,590,480</u>
Total assets	<u>6,467,576</u>	<u>2,406,257</u>	<u>8,873,833</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	<u>51,047</u>	<u>51,047</u>	<u>102,094</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	6,556	187,664	194,220
Accrued payroll	5,765	5,765	11,530
Accrued interest	2,052	1,763	3,815
Customer deposits	28,096	-	28,096
Accrued compensated absences - current	5,277	5,277	10,554
Notes payable - current	115,224	38,494	153,718
Due to other funds	1,018	4,453	5,471
Total current liabilities	<u>163,988</u>	<u>243,416</u>	<u>407,404</u>
Noncurrent liabilities:			
Accrued compensated absences	2,181	2,181	4,362
Net pension liability	55,134	55,134	110,268
Notes payable	3,926,460	30,000	3,956,460
Total noncurrent liabilities	<u>3,983,775</u>	<u>87,315</u>	<u>4,071,090</u>
Total liabilities	<u>4,147,763</u>	<u>330,731</u>	<u>4,478,494</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	<u>23,444</u>	<u>23,444</u>	<u>46,888</u>
NET POSITION:			
Net investment in capital assets	1,468,207	2,012,095	3,480,302
Unrestricted	<u>879,209</u>	<u>91,034</u>	<u>970,243</u>
Total net position	<u>\$ 2,347,416</u>	<u>\$ 2,103,129</u>	<u>\$ 4,450,545</u>

The notes to financial statements are an integral part of this statement.

CITY OF VILLA GROVE, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2020

	Enterprise Funds		
	Water	Sewer	Total
Operating revenues:			
Charges for services	\$ 572,145	\$ 488,615	\$ 1,060,760
Operating expenses:			
Personnel services	190,632	190,289	380,921
Supplies and materials	101,354	77,968	179,322
Contractual services	118,682	192,544	311,226
Depreciation	91,087	74,622	165,709
Total operating expenses	501,755	535,423	1,037,178
Operating income (loss)	70,390	(46,808)	23,582
Nonoperating revenues (expenses):			
Interest income	18,443	5,256	23,699
Miscellaneous	-	15,904	15,904
Gain on disposal of capital assets	-	13,000	13,000
Interest expense	(52,877)	(3,423)	(56,300)
Total nonoperating revenues (expenses)	(34,434)	30,737	(3,697)
Change in net position	35,956	(16,071)	19,885
Net position, beginning of the year	2,311,460	2,119,200	4,430,660
Net position, end of year	\$ 2,347,416	\$ 2,103,129	\$ 4,450,545

The notes to financial statements are an integral part of this statement.

CITY OF VILLA GROVE, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2020

	Enterprise Funds		
	Water	Sewer	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 572,109	\$ 492,930	\$ 1,065,039
Payments to suppliers	(208,603)	(259,058)	(467,661)
Payments to employees	(190,183)	(189,840)	(380,023)
Net cash provided by operating activities	<u>173,323</u>	<u>44,032</u>	<u>217,355</u>
Cash flows from noncapital financing activities:			
Repayment of advances to other funds	50,000	50,000	100,000
Receipt of advances to other funds	513	3,424	3,937
Net cash provided by noncapital financing activities	<u>50,513</u>	<u>53,424</u>	<u>103,937</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(437,748)	(46,748)	(484,496)
Interest paid on capital debt	(50,825)	(4,140)	(54,965)
Principal paid on capital debt	(107,816)	(73,345)	(181,161)
Proceeds from long-term debt	464,370	-	464,370
Proceeds from sale of capital assets	-	13,000	13,000
Net cash used by capital and related financing activities	<u>(132,019)</u>	<u>(111,233)</u>	<u>(243,252)</u>
Cash flows from investing activities:			
Investment income	18,443	5,256	23,699
Net cash provided by investing activities	<u>18,443</u>	<u>5,256</u>	<u>23,699</u>
Net increase (decrease) in cash and cash equivalents	110,260	(8,521)	101,739
Cash and cash equivalents, beginning of the year (including amount reported in restricted cash and cash equivalents)	<u>756,300</u>	<u>259,393</u>	<u>1,015,693</u>
Cash and cash equivalents, end of the year (including amount reported in restricted cash and cash equivalents)	<u>\$ 866,560</u>	<u>\$ 250,872</u>	<u>\$ 1,117,432</u>

The notes to financial statements are an integral part of this statement.

CITY OF VILLA GROVE, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2020

	Enterprise Funds		
	Water	Sewer	Totals
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 70,390	\$ (46,808)	\$ 23,582
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	91,087	74,622	165,709
Decrease (increase) in:			
Accounts receivable	(1,921)	4,315	2,394
Prepaid items	(2,944)	(2,793)	(5,737)
Deferred outflows related to pensions	(51,047)	(51,047)	(102,094)
Increase (decrease) in:			
Accounts payable	(13,154)	(13,284)	(26,438)
Accrued payroll	(143)	(143)	(286)
Customer deposits	1,885	-	1,885
Accrued compensated absences	592	592	1,184
Net pension liability	55,134	55,134	110,268
Deferred inflows related to pensions	23,444	23,444	46,888
Net cash provided by operating activities	\$ 173,323	\$ 44,032	\$ 217,355

The notes to financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Villa Grove, Illinois, operates under an aldermanic form of government. The City's major operations include public safety, public works, recreation and parks, and general administrative services. In addition, the City owns and operates two major enterprise activities: a water plant and a local sewer system.

As required by U.S. generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. In accordance with governmental accounting standards, financial accountability is determined on the basis of authoritative appointments of a voting majority of the potential component unit's board, imposition of its will on the potential component unit, the existence of a financial benefit or burden, fiscal dependency, and the designation of management. Entities may also be part of the financial reporting entity if their inclusion is necessary to prevent the financial statements from being misleading or incomplete or if the entities are closely related to or financially integrated with the primary government. Pursuant to these criteria, no component units were identified for inclusion in the accompanying financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. However, transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved. Therefore, charges between the City's water and sewer functions as well as various other functions of the government are included since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities normally supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets. The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds, if any, are aggregated and presented in a single column. The City has decided all funds will be presented as major funds.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into fund types as follows:

Major Governmental Funds

General Fund – The General Fund accounts for all financial resources, except those required to be accounted for in another fund.

Special Revenue Funds – To account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following major special revenue funds:

Tax Increment Financing Fund – The Tax Increment Financing (TIF) Fund is used to account for incremental property taxes received within the TIF District that are legally restricted to expenditures for capital improvements and redevelopment within the District.

Motor Fuel Tax Fund – The Motor Fuel Tax Fund is used to account for motor fuel taxes received that are legally restricted to expenditures for street maintenance.

Major Proprietary Funds

Proprietary funds – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The following are the City's major proprietary funds:

Water Fund – The Water Fund provides water and transmission services to City citizens and accounts for operations that are financed in a manner similar to private business enterprises.

Sewer Fund – The Sewer Fund provides sanitary sewer waste collection and transmission services to City citizens and accounts for operations that are financed in a manner similar to private business enterprises.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues from exchange transactions are recognized when they are earned, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Revenues from taxes or assessments on exchange transactions (sales taxes, utility taxes) are recognized when the underlying exchange transaction occurs. Revenues from shared nonexchange transactions (state income taxes, motor fuel taxes, replacement taxes) are also recognized in the period when the underlying transaction occurs, provided the state is required to share the revenues under act of law. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers revenues to be available if they are collectible within 60 days after year-end. Expenditures are generally recognized when the related fund liability is incurred, with the exception of principal and interest payments on general long-term debt which are recognized as liabilities when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues susceptible to accrual are recognized in the current fiscal period. Those revenues include property taxes, franchise fees, interest, charges for services, and various taxes collected by the state or other parties on behalf of the government. In general, other revenues, such as permit revenues and miscellaneous revenues are considered to be measurable and available only when cash is received. Unearned revenues arise when resources are received prior to the government having a legal claim to them. The revenues are subsequently recognized when the government has legal claim to the resources. Revenues received after the City's availability period are reported as deferred inflows of resources in the governmental fund statements and are reported as current revenues in the statement of activities.

Property taxes are deferred in the fiscal year that they are levied and are recorded as revenue when they become measurable and available. The government considers property tax revenues to be available if they are collectible within 60 days after year-end. Taxes levied are carried as deferred inflows of the appropriate fund.

The City's property tax is levied and attached as an enforceable lien on January 1 of each year on property values assessed as of the same date. The 2018 tax levy is recorded as revenue in the year ended April 30, 2020.

Taxes levied in one year become due and payable in two installments during the following year. The first installment is due around June 1 and the second installment is due around September 1. Property taxes are collected by the Douglas County Collector, who remits to each taxing unit its respective share of the collections.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus and Basis of Accounting - Concluded

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water enterprise fund and the sewer enterprise fund are charges to customers for services. Operating expenses for enterprise funds include the cost of services such as personnel services, supplies and materials, contractual services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgets and Budgetary Accounting

The City Council prepares its annual operating budget under the provisions of the Illinois Finance Code. In accordance with those provisions, the following process is used to adopt the annual budget:

- 1) Prior to the end of the end of each fiscal year, the budget officer submits to the City Council a proposed operating budget for the year commencing on May 1. The operating budget includes proposed expenditures and the means of financing them. The operating budget is approved by the City Council prior to the end of the fiscal year.
- 2) Public hearings are conducted to obtain citizen comments. At least one public hearing must be held no later than 10 days prior to final approval of the budget.
- 3) The budget ordinance was adopted on April 22, 2019.
- 4) The budget officer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. The budget was not amended during the fiscal year.
- 5) Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
- 6) Budgets for General and Special Revenue Funds, are adopted on the modified accrual basis and lapse at year end.

Cash and Cash Equivalents

For the purpose of the Statement of Net Position, "cash and cash equivalents" includes all demand and savings accounts of the City. For purposes of the Statement of Cash Flows for proprietary funds, the City considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Cash deposits are reported at cost.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Accounts receivable have been adjusted for all known uncollectible accounts. No allowance for uncollectibles is considered necessary at year-end.

Capital Assets – The City’s modified accrual basis of accounting reports capital assets and depreciation when appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are accounted for as capital assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to May 1, 2004. Prior to May 1, 2004, governmental funds’ infrastructure assets were not capitalized. Infrastructure assets acquired since May 1, 2004, are recorded at cost. Contributed capital assets are recorded at acquisition value on the date donated. The City’s capitalization policy is to capitalize all asset expenditures greater than \$5,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Net revenue bond interest cost incurred during construction periods is capitalized when material.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	10 to 50 years
Improvements other than buildings	5 to 50 years
Machinery, furniture, and equipment	5 to 15 years
Vehicles	5 to 25 years
Streets	20 to 25 years
Storm/sanitary sewer	15 to 75 years
Water system	15 to 80 years

In the fund financial statements, capital assets acquired for use in the governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in the proprietary fund operations are accounted for the same as in the government-wide statements.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Prepaid Items

In the government-wide and fund financial statements, prepaid expenditures/expenses are deferred and expensed over the term when the services are received.

Restricted Assets

Certain resources in the governmental funds are set aside and classified as restricted because their use has been limited by donor restrictions. Certain proceeds from customer deposits recorded in the proprietary funds, as well as any resource set aside for their repayment, are classified as restricted assets on the Statement of Net Position because their use is limited to the applicable repayment of customer deposits.

Deferred Outflows/Inflows of Resources

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the City after the measurement date but before the end of the City's reporting period.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position/fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources reported in the governmental fund balance sheet represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources reported in the government-wide and proprietary fund statements of net position consist of current year taxes levied and unrecognized items related to pensions.

Compensated Absences

City employees are entitled to certain compensated absences based on their length of employment. Compensated absence obligations arise from amounts due to City employees for vested amounts of vacation pay and sick pay which will be payable in the future. In the government-wide financial statements, remaining unused compensated absences are accounted for as a liability in the Statement of Net Position. In the fund financial statements, governmental funds report compensated absences as current expenditures of the applicable governmental fund when used. Proprietary funds report compensated absences the same as the government-wide financial statements. The obligation of each fund has historically been funded by that fund.

Long-Term Debt

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund Statement of Net Position.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Long-Term Debt – Continued

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest as expenditures.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted net position - The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the City's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted net position are available.

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in a governmental fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet:

Nonspendable Fund Balance - the portion of a governmental fund's fund balance that is not available to be spent, either short term or long term, in either form or through legal restrictions.

Restricted Fund Balance – the portion of a governmental fund's fund balance that is subject to constraints, either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – the portion of a governmental fund's fund balance with self-imposed constraints or limitations that have been imposed by action of the government's highest level of decision making.

Assigned Fund Balance – the portion of a governmental fund's fund balance to denote an intended use of resources.

Unassigned Fund Balance – the portion of a governmental fund's fund balance that is not designated for a specific purpose.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES – Concluded

Equity Classifications – Concluded

Fund Statements – Concluded

When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Proprietary fund equity is classified the same as in the government-wide statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense). Accordingly, actual results could differ from those estimates.

New Accounting Pronouncement

The global pandemic, coronavirus disease (COVID-19), has resulted in significant business disruptions due to mandated temporary work stoppages, limitations on travel, limitations on the size and duration of group meetings, and employee absences. In light of the pandemic, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement postpones the effective dates for certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Due to the City of Villa Grove's early implementation of this Statement, only certain provisions of GASB Statement No. 92, *Omnibus 2020* were required to be implemented for the year ended April 30, 2020. The implemented provisions of this Statement had no significant impact on the financial statements of the City of Villa Grove. The City of Villa Grove decided not to implement any postponed provisions of the GASB Statements prior to their adjusted effective dates.

2. DEPOSITS AND INVESTMENTS

The City's Board of Trustees has adopted a policy to invest in investments allowed by the Illinois Compiled Statutes (ILCS) which authorize the City to make deposits in interest-bearing depository accounts in federally insured and/or state chartered banks and savings and loan associations, or other financial institutions as designated by ordinances, and to invest available funds in direct obligations of, or obligations guaranteed by, the United States Treasury or agencies of the United States, money market mutual funds whose portfolios consist of governmental securities, The Illinois Funds, and annuities.

Deposits

Separate bank accounts are maintained for all City funds, which are all held at financial institutions. At April 30, 2020, the carrying amount of the City's deposits, including petty cash, was \$2,061,422. The bank balance of these deposits totaled \$2,121,388.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS – Concluded

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposits might not be recovered. The City’s investment policy requires the financial institutions utilized by the City to provide appropriate collateral for deposits in excess of FDIC insurance limits. Credit risk on investments is mitigated by limiting investments to those specified in state and local statute. As of April 30, 2020, of the City’s total bank balance, \$417,380 was secured by federal depository insurance, \$1,593,160 was collateralized with securities held by the pledging financial institution’s trust department in the City’s name, and \$110,848 was uncollateralized and uninsured.

Restricted Cash

The City has the following restrictions at April 30, 2020:

	<u>Amount</u>
Governmental activities:	
Garbage levy	\$ 23,158
Liability insurance levy	10,420
Audit levy	3,820
Community development and events	6,330
	<u>\$ 43,728</u>
Business-type activities:	
Customer deposits	<u>\$ 27,655</u>

Investments

The City invests in The Illinois Funds which consists of monies invested by individual participants that are pooled together and invested in U.S. Treasury bills and notes backed by the full faith and credit of the U.S. Treasury. The individual participants maintain separate investment accounts representing a proportionate share of the pool assets and its respective collateral; therefore, no collateral is identified with each individual participant’s account. The City’s balance in The Illinois Funds at April 30, 2020, was \$ -.

Concentration of Credit Risk

The City’s investment policy states investments shall be diversified to eliminate the risk of loss resulting in over concentration in a specific maturity, issuer, or class of securities. Diversification strategies shall be determined and revised periodically by the City Treasurer.

Interest Rate Risk

Interest rate risk is the risk that the market value of portfolio securities will fall due to a decrease in general interest rates. Interest rate risk is mitigated by structuring the City’s portfolio so that securities mature to meet the City’s cash requirements for ongoing operations.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

3. INTERFUND RECEIVABLES AND PAYABLES

Individual fund interfund receivable and payable balances at April 30, 2020, were as follows:

<u>Fund</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 605,471	\$ -
Motor Fuel Tax Fund	1,983	-
Tax Increment Financing Fund	-	601,983
Water Fund	-	1,018
Sewer Fund	-	4,453
Totals	<u>\$ 607,454</u>	<u>\$ 607,454</u>

Most of the interfund receivables and payables between funds of the City were to advance the cost of TIF eligible projects to cover expenditures before TIF funds became available. These interfund amounts will be repaid as TIF funds become available in future years.

4. CAPITAL ASSETS

Capital asset activity for the year ending April 30, 2020, consists of the following:

	<u>Balances May 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances April 30, 2020</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,344,563	\$ -	\$ 29,452	\$ 1,315,111
Construction in progress	-	11,002	-	11,002
Total capital assets not being depreciated	<u>1,344,563</u>	<u>11,002</u>	<u>29,452</u>	<u>1,326,113</u>
Depreciable capital assets:				
Buildings	1,393,859	6,197	-	1,400,056
Land improvements	89,002	-	-	89,002
Equipment	246,573	28,892	-	275,465
Vehicles	537,327	19,623	-	556,950
Infrastructure	2,161,661	12,530	-	2,174,191
Total depreciable assets	<u>4,428,422</u>	<u>67,242</u>	<u>-</u>	<u>4,495,664</u>
Accumulated depreciation:				
Buildings	159,541	28,031	-	187,572
Land improvements	62,301	4,450	-	66,751
Equipment	139,420	21,361	-	160,781
Vehicles	412,100	29,541	-	441,641
Infrastructure	754,739	58,966	-	813,705
Total accumulated depreciation	<u>1,528,101</u>	<u>142,349</u>	<u>-</u>	<u>1,670,450</u>
Depreciable capital assets, net of accumulated depreciation	<u>2,900,321</u>	<u>(75,107)</u>	<u>-</u>	<u>2,825,214</u>
Total governmental activities capital assets, net	<u>\$ 4,244,884</u>	<u>\$ (64,105)</u>	<u>\$ 29,452</u>	<u>\$ 4,151,327</u>

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS – Concluded

	<u>Balances</u> <u>May 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>April 30, 2020</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 349,927	\$ -	\$ -	\$ 349,927
Construction in progress	-	217,687	-	217,687
Total capital assets not being depreciated	<u>349,927</u>	<u>217,687</u>	<u>-</u>	<u>567,614</u>
Depreciable capital assets:				
Buildings	195,091	-	-	195,091
Plant and equipment	8,032,996	35,586	-	8,068,582
Vehicles	101,422	-	-	101,422
Water tower	321,840	-	-	321,840
Total depreciable assets	<u>8,651,349</u>	<u>35,586</u>	<u>-</u>	<u>8,686,935</u>
Accumulated depreciation				
Buildings	79,317	7,770	-	87,087
Plant and equipment	1,302,589	142,722	-	1,445,311
Vehicles	22,690	6,761	-	29,451
Water tower	93,764	8,456	-	102,220
Total accumulated depreciation	<u>1,498,360</u>	<u>165,709</u>	<u>-</u>	<u>1,664,069</u>
Depreciable capital assets, net of accumulated depreciation	<u>7,152,989</u>	<u>(130,123)</u>	<u>-</u>	<u>7,022,866</u>
Total governmental activities capital assets, net	<u>\$ 7,502,916</u>	<u>\$ 87,564</u>	<u>\$ -</u>	<u>\$ 7,590,480</u>

Depreciation expense was charged to the City's functions as follows:

Governmental activities:	
General government	\$ 3,890
Public safety	54,387
Public works	44,615
Culture and recreation	39,457
Total	<u>\$ 142,349</u>
Business-type activities:	
Water	\$ 91,087
Sewer	74,622
Total	<u>\$ 165,709</u>

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

5. CONSTRUCTION IN PROGRESS

The City had the following construction projects in progress at April 30, 2020:

	Balance May 1, 2019	Additions	Completion/ Adjustment	Balance April 30, 2020	Estimated Completion Costs
Governmental activities:					
Downtown Streetscape	\$ -	\$ 11,002	\$ -	\$ 11,002	\$ - *
Business-type activities:					
Water System Improvements Phase II	\$ -	\$ 16,746	\$ -	\$ 16,746	\$ - *
Bridge Replacement Utility Relocation	-	200,941	-	200,941	52,000
Total business-type activities	\$ -	\$ 217,687	\$ -	\$ 217,687	\$ 52,000
Total construction in progress	\$ -	\$ 228,689	\$ -	\$ 228,689	\$ 52,000

*These projects have been delayed indefinitely and therefore completion costs cannot be estimated.

6. LONG-TERM DEBT

Governmental Activities

A revenue bond dated August 30, 2000, was issued to finance development costs for the Pheasant Pointe Subdivision. TIF revenue bonds of \$1,000,000 are of \$5,000 denomination, mature annually on December 1 of each year, and bear interest at a rate of 6.75%. The final bond payment was due on December 1, 2019.

On May 15, 2017, the City entered into a loan agreement in the amount of \$400,000 with Villa Grove State Bank to finance the construction of the Emergency Service Center. Interest is charged at a rate of 2.75% plus the 3 year Treasury Index, currently 4.0%. The loan will be repaid in annual installments maturing on May 15, 2027. The outstanding balance at April 30, 2020 was \$319,960.

On August 17, 2018, the City entered into a loan agreement in the amount of \$55,351 with Villa Grove State Bank to purchase a new leaf vacuum. Interest is charged at a rate of 4.50%. The loan will be repaid in annual installments maturing on August 17, 2021. The outstanding balance at April 30, 2020 was \$35,986.

Business-Type Activities

During 2001, the City entered into an agreement with the Illinois Environmental Protection Agency for a loan to help fund improvements at the sewer treatment plant. Pertinent points of the loan agreement are as follows:

\$919,435 loan agreement with the Illinois Environmental Protection Agency, due in semi-annual installments of \$30,026 through October 22, 2020, interest at 2.535%. The outstanding balance at April 30, 2020 was \$23,494.

On May 15, 2017, the City entered into a loan agreement in the amount of \$75,000 with Villa Grove State Bank to finance a sludge truck. Interest is charged at a rate of 2.75% plus the 3 year Treasury Index rate, currently 4.0%. The loan will be repaid in annual installments maturing May 15, 2022. The outstanding balance at April 30, 2020 was \$45,000.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Concluded)

On March 28, 2018, the City entered into a loan agreement in the amount of \$4,649,500 with the Illinois Environmental Protection Agency for a loan to help fund the construction of a new water treatment plant. Interest is charged at a rate of 1.32%. The loan will be repaid in semi-annual installments of \$84,098 through April 20, 2049. The outstanding balance at April 30, 2020 was \$4,041,684.

The debt service requirements to retire all notes payable outstanding as of April 30, 2020 are as follows:

Years ending April 30,	Governmental		Business-type		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 58,000	\$ 14,580	\$ 153,718	\$ 55,094	\$ 211,718	\$ 69,674
2022	57,946	12,154	131,750	52,662	189,696	64,816
2023	40,000	9,733	133,296	50,507	173,296	60,240
2024	40,000	8,111	119,863	48,332	159,863	56,443
2025	40,000	6,489	121,450	46,745	161,450	53,234
2026-2030	120,000	9,734	631,807	209,168	751,807	218,902
2031-2035	-	-	674,767	166,209	674,767	166,209
2036-2040	-	-	720,648	120,328	720,648	120,328
2041-2045	-	-	769,649	71,327	769,649	71,327
2046-2050	-	-	653,230	19,550	653,230	19,550
Total	<u>\$ 355,946</u>	<u>\$ 60,801</u>	<u>\$ 4,110,178</u>	<u>\$ 839,922</u>	<u>\$ 4,466,124</u>	<u>\$ 900,723</u>

7. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the current year:

	Balance May 1, 2019, as restated	Additions	Reductions	Balance April 30, 2020	Due Within One Year
Governmental activities:					
G.O. bonds (alternate revenue bonds) TIF revenue bonds (series 2000)	\$ 94,294	\$ -	\$ (94,294)	\$ -	\$ -
Emergency services center construction	360,000	-	(40,040)	319,960	40,000
Leaf vacuum loan	55,351	-	(19,365)	35,986	18,000
Net pension liability	474,022	-	(259,973)	214,049	N/A
Accrued compensated absences	26,025	-	(9,870)	16,155	9,017
Total governmental activities	<u>\$ 1,009,692</u>	<u>\$ -</u>	<u>\$ (423,542)</u>	<u>\$ 586,150</u>	<u>\$ 67,017</u>
Business-type activities:					
IEPA loan 0721	\$ 81,839	\$ -	\$ (58,345)	\$ 23,494	\$ 23,494
Sludge truck loan	60,000	-	(15,000)	45,000	15,000
IEPA loan 5239	3,685,130	464,370	(107,816)	4,041,684	115,224
Net pension liability	-	110,268	-	110,268	N/A
Accrued compensated absences	13,732	1,184	-	14,916	10,554
Total business-type activities	<u>\$ 3,840,701</u>	<u>\$ 575,822</u>	<u>\$ (181,161)</u>	<u>\$ 4,235,362</u>	<u>\$ 164,272</u>

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

8. ILLINOIS MUNICIPAL RETIREMENT FUND

Plan Description

The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The City's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multiple-employer public pension plan. A summary of IMRF's pension benefits is provided in the following "Benefits Provided" section. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

8. ILLINOIS MUNICIPAL RETIREMENT FUND – Continued

Employees Covered by Benefit Terms

As of December 31, 2019, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	3
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	15
Total	26

Contributions

As set by statute, the City’s Regular Plan Members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City’s annual required contribution rate for calendar year 2019 was 9.09 percent. For the fiscal year ended April 30, 2020, the City contributed \$81,634, including an accelerated payment of \$9,022 related to an employee buyout to retire. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The City’s net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2019:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.50%.
- Salary Increases were expected to be 3.35% to 14.25%.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation pursuant to an experience study from years 2014 to 2016.
- For non-disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Blue Collar Healthy Annuitant Mortality Table with adjustments to match current IMRF experience.
- For disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match the current IMRF experience.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

8. ILLINOIS MUNICIPAL RETIREMENT FUND – Continued

Actuarial Methods and Assumptions - Continued

There were no benefit changes during the year.

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2019 Illinois Municipal Retirement Fund annual actuarial valuation report.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2019:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Equities	37%	5.75%
International equities	18%	6.50%
Fixed income	28%	3.25%
Real estate	9%	5.20%
Alternative Investments	7%	
Private equity		7.60%
Hedge funds		N/A
Commodities		3.60%
Cash Equivalents	1%	1.85%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.25%.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

8. ILLINOIS MUNICIPAL RETIREMENT FUND – Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
	<u>(A)</u>	<u>(B)</u>	<u>(A) - (B)</u>
Balances at December 31, 2018	\$ 2,324,274	\$ 1,850,252	\$ 474,022
Changes for the year:			
Service cost	72,619	-	72,619
Interest of the total pension liability	168,916	-	168,916
Differences between expected and actual experience of the total pension liability	107,556	-	107,556
Contributions - employer	-	81,634	(81,634)
Contributions - employees	-	91,989	(91,989)
Net investment income	-	326,957	(326,957)
Benefit payments, including refunds of employee contributions	(61,412)	(61,412)	-
Other (net transfer)	-	(1,784)	1,784
Net changes	<u>287,679</u>	<u>437,384</u>	<u>(149,705)</u>
Balances at December 31, 2019	<u>\$ 2,611,953</u>	<u>\$ 2,287,636</u>	<u>\$ 324,317</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the plan's net pension liability (asset), calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability (asset) would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower <u>6.25%</u>	Current Rate <u>7.25%</u>	1% Higher <u>8.25%</u>
Net pension liability (asset)	<u>\$ 740,121</u>	<u>\$ 324,317</u>	<u>\$ (10,082)</u>

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

8. ILLINOIS MUNICIPAL RETIREMENT FUND – Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2020, the City recognized pension expense of \$52,646. At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in pension expense in future periods		
Differences between expected and actual experience	\$ 219,104	\$ 23,029
Changes of assumptions	58,946	38,042
Net difference between projected and actual earnings on pension plan investments	-	76,832
Total deferred amounts to be recognized in pension expense in future periods	278,050	137,903
Pension contributions made subsequent to the measurement date	22,225	-
Total deferred amounts related to pensions	\$ 300,275	\$ 137,903

\$22,225, reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the reporting year ending April 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31,	Net Deferred Outflows of Resources
2020	\$ 23,473
2021	21,107
2022	48,542
2023	11,482
2024	25,277
Thereafter	10,266
Total	\$ 140,147

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

9. RISK MANAGEMENT AND UNCERTAINTIES

Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined together with other governments to form the Illinois Municipal League Risk Management Association (IMLRMA), a public entity risk pool currently operating as a common risk management and insurance program for Illinois municipalities. The City pays an annual premium to the pool for its general insurance coverage. The agreement for formation of the IMLRMA provides that the pool will be self-sustaining through member premiums. There have been no significant changes from the prior year and settlements have not exceeded coverage in the current year or the prior two years.

Economic Uncertainties

Local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, it is likely that the City's financial position and results of future operations will be adversely affected; however the extent of that impact will depend on future developments.

10. OTHER POSTEMPLOYMENT BENEFITS

The City evaluated its potential liability for postemployment benefits other than pensions. Former employees who choose to retain their rights to health, dental, and vision insurance through the City are required to pay 100% of the current premium. As of April 30, 2020, the City had no former employees who chose to utilize this postemployment benefit, and no current employees are expected to utilize this benefit. As a result, the City has no material implicit subsidy to calculate in accordance with GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the City had no former employees for whom the City was providing an explicit subsidy, nor did the City have any current employees with agreements for future explicit subsidies upon retirement. No postemployment benefit liability has been recorded as of April 30, 2020.

11. FUND DEFICITS

The Tax Increment Financing fund had a fund deficit of \$437,937 at April 30, 2020. This deficit is expected to be reduced in the future with increased revenues.

12. COMMITMENTS AND CONTINGENCIES

Tax Increment Financing Commitments

The City initiated the development of the subdivision Pheasant Pointe in August of 2000 with a private developer. The property taxes that the TIF Fund receives from the subdivision must first be used to pay for the annual TIF Revenue Bond costs, with the remainder to be paid to the developer for costs incurred, including interest expense. The current year payment made to the developer was \$34,493. The agreement expires on April 14, 2022.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

12. COMMITMENTS AND CONTINGENCIES - Continued

Ambulance Agreement

The City and five surrounding governmental entities entered into a new multi-year ambulance contract through April 2022 with Arrow Ambulance to provide ambulance services to the City of Villa Grove and surrounding areas. The agreement called for the City to pay \$87,156 for the services provided for the year ending April 30, 2020. Five surrounding governmental entities reimbursed the City a total of \$27,956 for ambulance services during the year ended April 30, 2020. In addition, this agreement calls for the City to pay Arrow Ambulance \$101,813 and \$116,469 for the years ending April 30, 2021 and 2022, respectively. The five surrounding governmental entities will reimburse the City \$33,251 and \$38,543 for the years ending April 30, 2021 and 2022, respectively.

13. HAZARD MITIGATION GRANT PROGRAM

The City is participating in Illinois Emergency Management Agency's (IEMA) State-Local Hazard Mitigation Grant Program for the purpose of acquiring and demolishing structures. The City complied with all grant terms during the fiscal year ended April 30, 2019. During the year ended April 30, 2020, the City received \$351,066 from the grant program and reported the funding as grant revenue in the General Fund. The revenue will not be included in the statement of activities for the year ended April 30, 2020 as it was previously included as revenue in the statement of activities for the year ended April 30, 2019.

14. OPERATING LEASE

The City is committed through October 15, 2022 under a lease agreement for a track loader. Annual lease payments are split equally between the General Fund, Water Fund, and Sewer Fund.

Total lease expense for the year ended June 30, 2020 was \$13,175. The following is a schedule of future minimum lease payments required under the above operating lease:

Year ending <u>April 30,</u>	
2021	\$ 11,792
2022	<u>11,792</u>
	<u>\$ 23,584</u>

15. SUBSEQUENT EVENTS

The City has hired an engineering firm to conduct a study to determine if selling the water and sewer utilities would be advantageous. The study is on-going; therefore, the board has made no formal decision whether or not to sell the utilities.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VILLA GROVE, ILLINOIS

ILLINOIS MUNICIPAL RETIREMENT FUND –
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
UNAUDITED

For the year ended April 30, 2020

(Amounts presented are for the calendar year ended December 31, 2019, 2018, 2017, 2016, and 2015)

Calendar Years Ending December 31,	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ 72,619	\$ 63,838	\$ 61,430	\$ 51,081	\$ 54,933
Interest on the total pension liability	168,916	148,056	135,217	121,000	114,027
Difference between expected and actual experience of the total pension liability	107,556	110,911	68,022	27,184	(66,539)
Changes of assumption	-	85,107	(62,753)	(2,888)	2,661
Benefit payments, including refunds of employee contributions	(61,412)	(51,610)	(12,241)	(16,051)	-
Net change in total pension liability	287,679	356,302	189,675	180,326	105,082
Total pension liability - beginning	2,324,274	1,967,972	1,778,297	1,597,971	1,492,889
Total pension liability - ending (A)	\$ 2,611,953	\$ 2,324,274	\$ 1,967,972	\$ 1,778,297	\$ 1,597,971
Plan Fiduciary Net Position					
Contributions - employer	\$ 81,634	\$ 73,474	\$ 60,919	\$ 56,485	\$ 53,484
Contributions - employees	91,989	30,076	27,746	24,070	23,165
Net investment income	326,957	(60,913)	238,914	92,318	6,947
Benefit payments, including refunds of employee contributions	(61,412)	(51,610)	(12,241)	(16,051)	-
Other (net transfer)	(1,784)	34,438	(11,505)	15,232	(85,792)
Net change in plan fiduciary net position	437,384	25,465	303,833	172,054	(2,196)
Plan fiduciary net position - beginning	1,850,252	1,824,787	1,520,954	1,348,900	1,351,096
Plan fiduciary net position - ending (B)	2,287,636	1,850,252	1,824,787	1,520,954	1,348,900
Net pension liability - ending (A) - (B)	\$ 324,317	\$ 474,022	\$ 143,185	\$ 257,343	\$ 249,071
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.58%	79.61%	92.72%	85.53%	84.41%
Covered Valuation Payroll	\$ 798,806	\$ 681,142	\$ 616,584	\$ 534,897	\$ 514,770
Net Pension Liability as a Percentage of Covered Valuation Payroll	40.60%	69.59%	23.22%	48.11%	48.38%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF VILLA GROVE, ILLINOIS

ILLINOIS MUNICIPAL RETIREMENT FUND –
SCHEDULE OF EMPLOYER CONTRIBUTIONS
UNAUDITED

For the year ended April 30, 2020

(Amounts presented are for the calendar years ended December 31, 2019, 2018, 2017, 2016, and 2015)

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution As a Percentage of Covered Valuation Payroll
2015	\$ 53,485	\$ 53,484	\$ 1	\$ 514,770	10.39%
2016	56,485	56,485	-	534,897	10.56%
2017	60,918	60,919	(1)	616,584	9.88%
2018	67,229	73,474	(6,245)	681,142	10.79%
2019	72,611	81,634	(9,023)	798,806	10.22%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2019 Contribution Rate*

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2019 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	24-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth :</i>	3.25%
<i>Price Inflation:</i>	2.50%
<i>Salary Increases:</i>	3.35% to 14.25%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.

CITY OF VILLA GROVE, ILLINOIS

ILLINOIS MUNICIPAL RETIREMENT FUND –
SCHEDULE OF EMPLOYER CONTRIBUTIONS
UNAUDITED

For the year ended April 30, 2020

(Amounts presented are for the calendar years ended December 31, 2019, 2018, 2017, 2016, and 2015)

Notes to Schedule: (Concluded)

Methods and Assumptions Used to Determine 2019 Contribution Rates: (Concluded)

Mortality:

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Healthy Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2017 actuarial valuation; note two year lag between valuation and rate setting.

CITY OF VILLA GROVE
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED APRIL 30, 2020

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property taxes	\$ 302,441	\$ 279,453	\$ (22,988)
Sales taxes	349,693	341,259	(8,434)
State income taxes	255,603	249,603	(6,000)
Video gaming taxes	18,317	22,913	4,596
Replacement taxes	15,709	17,364	1,655
Grant revenue	223,940	351,066	127,126
Fines and fees	11,016	13,386	2,370
Licenses and permits	6,626	7,564	938
Franchise fees	133,745	139,005	5,260
Interest income	8,986	13,701	4,715
Miscellaneous	79,463	80,819	1,356
Total revenues	<u>1,405,539</u>	<u>1,516,133</u>	<u>110,594</u>
Expenditures:			
Current:			
General government	359,591	220,876	138,715
Public safety	681,639	619,342	62,297
Public works	468,423	416,450	51,973
Culture and recreation	57,913	51,565	6,348
Capital outlay	-	67,242	(67,242)
Debt Service:			
Principal	-	59,405	(59,405)
Interest	-	17,067	(17,067)
Total expenditures	<u>1,567,566</u>	<u>1,451,947</u>	<u>115,619</u>
Net change in fund balances	<u>\$ (162,027)</u>	64,186	<u>\$ 226,213</u>
Fund balance, beginning of year		<u>1,255,901</u>	
Fund balance, end of year		<u>\$ 1,320,087</u>	

CITY OF VILLA GROVE
 BUDGETARY COMPARISON SCHEDULE
 TAX INCREMENT FINANCING FUND
 FOR THE YEAR ENDED APRIL 30, 2020

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property taxes	\$ 298,557	\$ 288,195	\$ (10,362)
Interest income	4,453	6,545	2,092
Total revenues	303,010	294,740	(8,270)
Expenditures:			
Current:			
General government	37,819	18,034	19,785
Development	89,160	34,493	54,667
Capital outlay	-	11,002	(11,002)
Debt service:			
Principal	94,294	94,294	-
Interest	6,365	6,365	-
Total expenditures	227,638	164,188	63,450
Net change in fund balances	\$ 75,372	130,552	\$ 55,180
Fund balance, beginning of year		(568,489)	
Fund balance, end of year		\$ (437,937)	

CITY OF VILLA GROVE
 BUDGETARY COMPARISON SCHEDULE
 MOTOR FUEL TAX FUND
 FOR THE YEAR ENDED APRIL 30, 2020

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
State motor fuel taxes	\$ 64,567	\$ 93,620	\$ 29,053
Interest income	2,603	3,337	734
Total revenues	<u>67,170</u>	<u>96,957</u>	<u>29,787</u>
Expenditures:			
General government	550	-	550
Public works	130,350	83,810	46,540
Total expenditures	<u>130,900</u>	<u>83,810</u>	<u>47,090</u>
Net change in fund balances	<u>\$ (63,730)</u>	13,147	<u>\$ 76,877</u>
Fund balance, beginning of the year		<u>172,942</u>	
Fund balance, end of year		<u>\$ 186,089</u>	

CITY OF VILLA GROVE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1 - Budgets and Budgetary Accounting

Budgets and Budgetary Accounting – The City Council prepares its annual operating budget under the provisions of the Illinois Finance Code. In accordance with those provisions, the following process is used to adopt the annual budget:

- 1) Prior to the end of the end of each fiscal year, the budget officer submits to the City Council a proposed operating budget for the year commencing on May 1. The operating budget includes proposed expenditures and the means of financing them. The operating budget is approved by the City Council prior to the end of the fiscal year.
- 2) Public hearings are conducted to obtain citizen comments. At least one public hearing must be held no later than 10 days prior to final approval of the budget.
- 3) The budget ordinance was adopted on April 22, 2019.
- 4) The budget officer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. The budget was not amended during the fiscal year.
- 5) Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
- 6) Budgets for General and Special Revenue Funds, are adopted on the modified accrual basis and lapse at year end.

STATISTICAL INFORMATION

CITY OF VILLA GROVE
SCHEDULE OF ASSESSED VALUATION, TAX RATES,
TAXES EXTENDED AND COLLECTIONS (Unaudited)
April 30, 2020

Tax Levy Year	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Equalized Assessed Valuation (not including TIF Districts)	<u>\$ 19,951,702</u>	<u>\$ 20,828,475</u>	<u>\$ 20,662,068</u>	<u>\$ 20,358,323</u>	<u>\$ 19,115,655</u>
TAX RATES					
General corporate	0.2500 %	0.2500 %	0.2500 %	0.2500 %	0.2500 %
IMRF	0.2165	0.2013	0.2063	0.1701	0.1784
Fire protection	0.0750	0.0750	0.0750	0.0750	0.0750
Police protection	0.0750	0.0750	0.0750	0.0750	0.0750
Garbage	0.0051	0.0049	0.0364	0.0050	0.1021
Audit	0.0502	0.0577	0.0388	0.0303	0.0314
Liability insurance	0.1483	0.1334	0.2233	0.2271	0.1355
Road & bridge	0.0000	0.0000	0.0000	0.0067	0.0055
Street lighting	0.0500	0.0500	0.0500	0.0500	0.0500
Playground/recreation	0.0900	0.0900	0.0900	0.0900	0.0900
Social security	0.1789	0.1611	0.1560	0.1338	0.1381
Unemployment insurance	0.0081	0.0077	0.0076	0.0082	0.0088
Workmans compensation	0.1070	0.0880	0.1253	0.1175	0.0798
Medicare	0.0419	0.0377	0.0365	0.0313	0.0323
Total Tax Rate	<u>1.2960 %</u>	<u>1.2318 %</u>	<u>1.3702 %</u>	<u>1.2700 %</u>	<u>1.2519 %</u>
Equalized Assessed Valuation - TIF Districts only	<u>\$ 2,611,171</u>	<u>\$ 2,614,483</u>	<u>\$ 2,623,995</u>	<u>\$ 2,627,329</u>	<u>\$ 2,646,766</u>
TIF Districts	<u>10.9172 %</u>	<u>11.1556 %</u>	<u>11.4836 %</u>	<u>10.9988 %</u>	<u>9.4794 %</u>
TAX EXTENSIONS					
General corporate	\$ 49,879	\$ 52,071	\$ 51,655	\$ 50,896	\$ 47,789
IMRF	43,195	41,928	42,626	34,630	34,102
Fire protection	14,964	15,621	15,497	15,269	14,337
Police protection	14,964	15,621	15,497	15,269	14,337
Garbage	1,018	1,021	7,521	1,018	19,517
Audit	10,016	12,018	8,017	6,169	6,002
Liability insurance	29,588	27,785	46,138	46,234	25,902
Street & bridge	-	-	-	1,364	1,051
Street lighting	9,976	10,414	10,331	10,179	9,558
Playground/recreation	17,957	18,746	18,596	18,322	17,204
Social security	35,694	33,555	32,233	27,239	26,399
Unemployment insurance	1,616	1,604	1,570	1,669	1,682
Workmans compensation	21,348	18,329	25,889	23,921	15,254
Medicare	8,360	7,852	7,542	6,372	6,174
TIF Districts	285,068	291,661	301,330	288,975	250,897
Total Tax Extensions	<u>\$ 543,643</u>	<u>\$ 548,226</u>	<u>\$ 584,442</u>	<u>\$ 547,526</u>	<u>\$ 490,205</u>

CITY OF VILLA GROVE
 SCHEDULE OF ASSESSED VALUATION, TAX RATES,
 TAXES EXTENDED AND COLLECTIONS (Unaudited)
 April 30, 2020

Tax Levy Year	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
TAXES COLLECTED				
General corporate	\$ 51,646	\$ 51,444	\$ 50,552	\$ 47,704
IMRF	41,585	42,452	34,395	34,041
Fire protection	15,494	15,434	15,166	14,311
Police protection	15,494	15,434	15,166	14,311
Garbage	1,012	7,490	1,011	19,482
Audit	11,920	7,984	6,127	5,992
Liability insurance	27,558	45,950	45,921	25,855
Street & bridge	-	-	1,355	1,050
Street lighting	10,329	10,289	10,110	9,541
Playground/recreation	18,593	18,520	18,199	17,173
Social security	33,281	32,101	27,055	26,352
Unemployment insurance	1,591	1,564	1,658	1,679
Workmans compensation	18,179	25,784	23,759	15,227
Medicare	7,788	7,511	6,329	6,163
TIF Districts	288,195	301,106	288,440	248,302
Taxes collected	<u>\$ 542,665</u>	<u>\$ 583,063</u>	<u>\$ 545,243</u>	<u>\$ 487,183</u>
Percentage of Extensions Collected	<u>98.99%</u>	<u>99.76%</u>	<u>99.58%</u>	<u>99.38%</u>

CITY OF VILLA GROVE
SCHEDULE OF LEGAL DEBT MARGIN (Unaudited)
April 30, 2020

Assessed valuation, tax levy year 2019	<u>\$ 19,951,702</u>
Debt limit - 8.625%	\$ 1,720,834
Outstanding debt subject to the debt margin	<u>(400,946)</u>
Legal debt margin	<u>\$ 1,319,888</u>